

AMENDED IN SENATE APRIL 16, 2007

SENATE BILL

No. 758

Introduced by Senator Migden

February 23, 2007

An act to amend ~~Section 18042~~ *Sections 18042 and 24954.1* of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 758, as amended, Migden. ~~Income~~ *Income and corporation* taxes: sales of stock.

The Personal Income Tax Law *and the Corporation Tax Law*, in modified conformity to federal income tax laws, ~~excludes~~ *exclude* from taxation any gain from certain sales of stock to employee stock ownership plans.

This bill would provide additional conformity to federal income tax laws by excluding from taxation any gain from sales of stock of a qualified refiner or processor to an eligible farmers' cooperative, as specified.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 18042 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 18042. (a) Section 1042 of the Internal Revenue Code, relating
- 4 to sales of stock to employee stock ownership plans or certain

1 cooperatives, shall apply to taxable years beginning on or after
2 January 1, 1995.

3 (b) For taxable years beginning on or after January 1, 1998,
4 Section 1042 of the Internal Revenue Code, relating to sales of
5 stock to employee stock ownership plans or certain cooperatives,
6 is modified to provide that the term “domestic corporation” shall
7 instead mean “domestic C corporation.”

8 (c) Section 1042(g) of the Internal Revenue Code, relating to
9 application of section to sales of stock in agricultural refiners and
10 processors to eligible farm cooperatives, shall ~~apply, and for this~~
11 ~~purpose, Section 1042(b) of the Internal Revenue Code shall not~~
12 ~~apply.~~ *apply to sales of stock on or after January 1, 2007.*

13 *SEC. 2. Section 24954.1 of the Revenue and Taxation Code is*
14 *amended to read:*

15 24954.1. Section 1042(g) of the Internal Revenue Code, relating
16 to application of section to sales of stock in agricultural refiners
17 and processors to eligible farm cooperatives, shall ~~not~~ *apply to*
18 *sales of stock on or after January 1, 2007.*

19 ~~SEC. 2.~~

20 *SEC. 3.* This act provides for a tax levy within the meaning of
21 Article IV of the Constitution and shall go into immediate effect.